



# The Reality Tour

Milwaukee County Fiscal Projections  
2007-2011

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Milwaukee County Executive

Spring 2006



# **Milwaukee County will face an ongoing “structural” imbalance: 2007-2011**

- Projected annual earned and received revenue will be insufficient to fund projected annual expenditure commitments between 2007 and 2011 (nearly \$300 million)
- This structural imbalance is approximately \$44 million annually (more than \$80 million in 2007)



# The County's Structural Imbalance Is Not A New Development

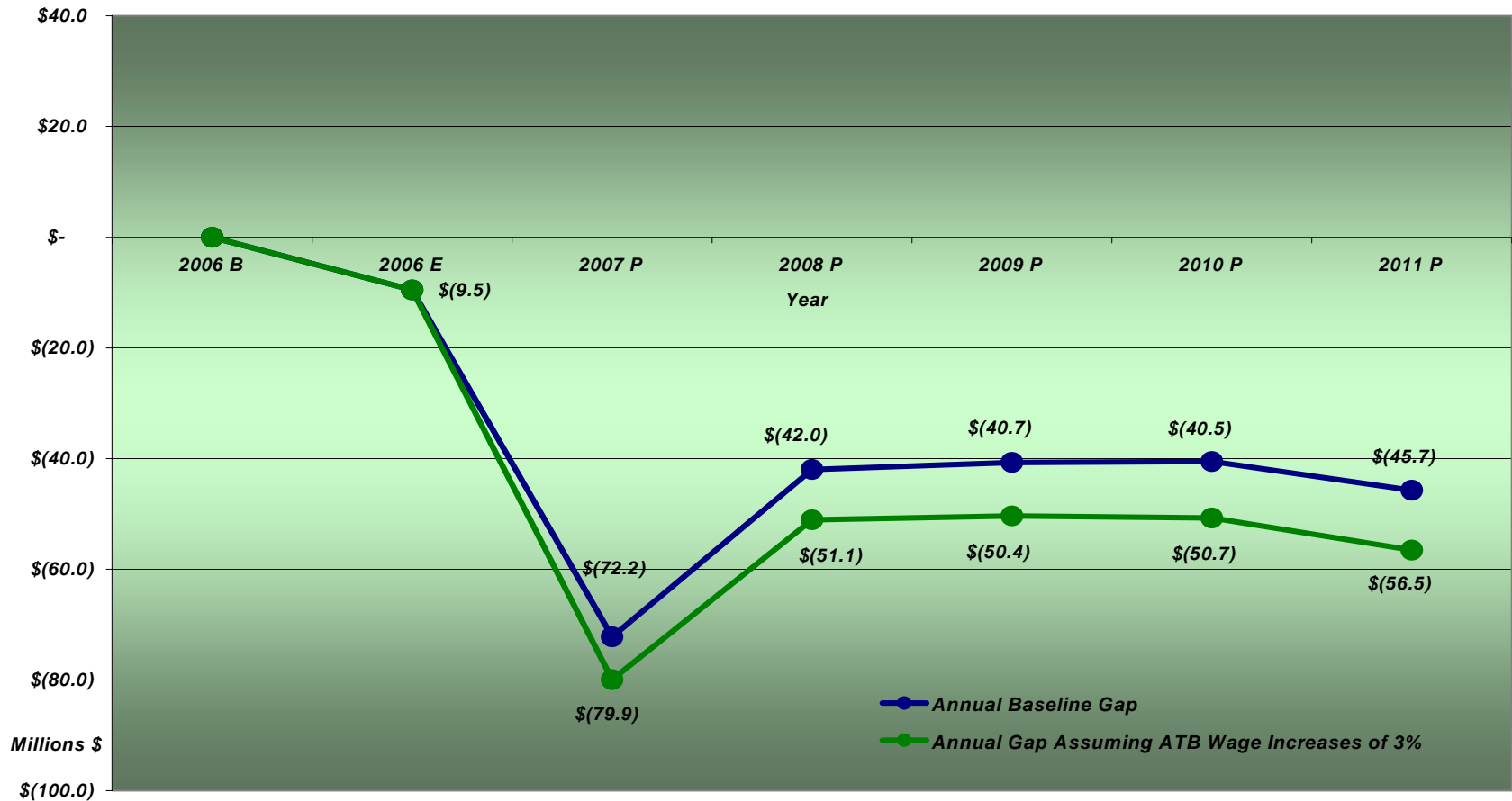
- The County's fiscal situation has been discussed publicly on two occasions over the past two years with the County Board
- Prior policy decisions to increase employee benefits are driving the current fiscal problems
  - Pension
  - Health Insurance

# A graphic example of why we are facing this fiscal crisis

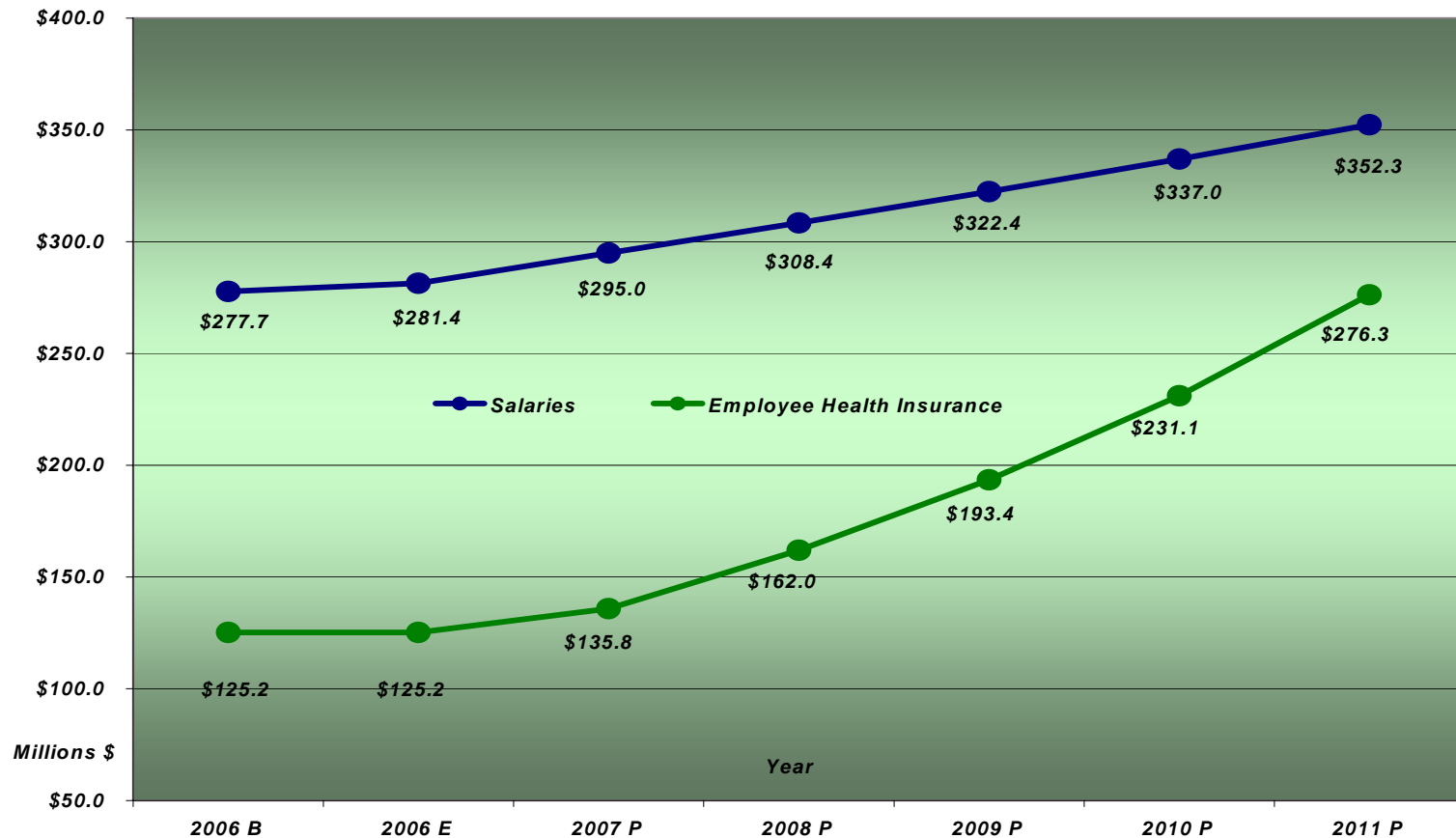
## ■ The top five beneficiaries of the pension enhancements

	Payout	Annual	Age
□	\$684,268.77	\$43,838.36	61
□	\$593,194.87	\$49,937.64	62
□	\$547,925.78	\$34,185.00	60
□	\$536,051.04	\$53,479.80	79
□	\$528,217.60	\$24,790.80	76

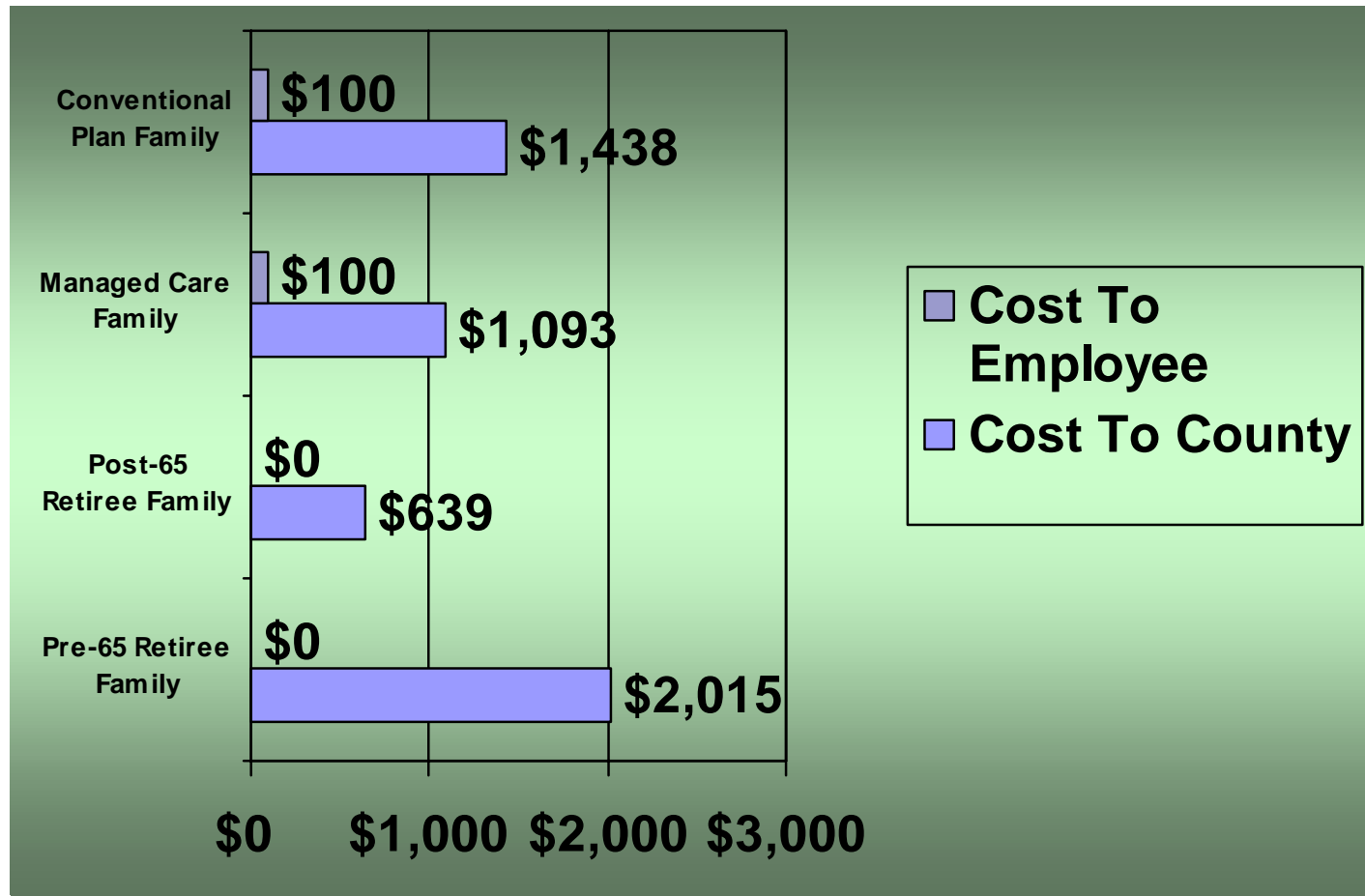
# Structural Imbalance: Expenditure Commitments Will Exceed Revenues



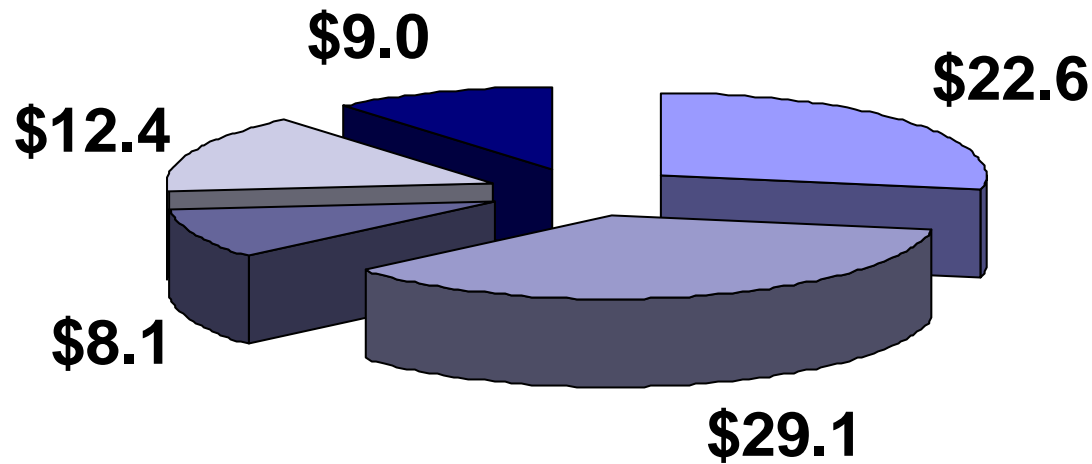
# Health Insurance Is Driving Personnel Costs-Retiree Health Care is a Large Part of This Growth



# Cost Comparison of Health Care Costs



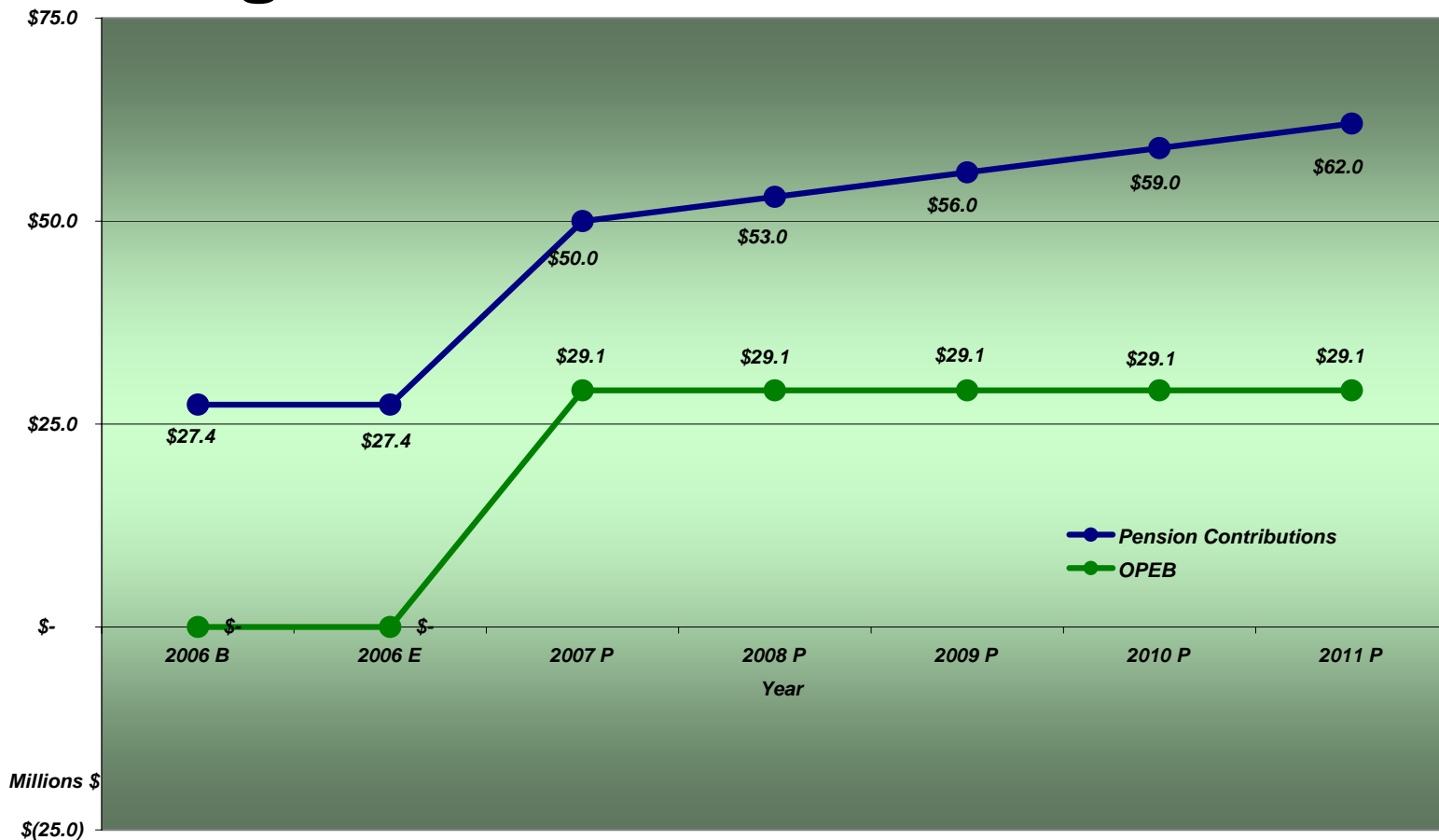
# Overall shortfall is projected to be \$81.2 million in 2007




- Pension Contribution Increase \$22.6 million
- OPEB \$29.1 Million
- Wage Increases \$13.6 million
- Health Care Cost Increases of \$12.4 million
- Other Cost Increases



# Pension Contributions and Other Post-Employment Benefit Liabilities Are Also Driving Personnel Costs





# **Are There Options For Addressing This Structural Imbalance?**

# Eliminating Discretionary Funding and Some Mandates will Not Close the Gap

- Eliminating funding for GAMP, EMS, Parks, Zoo, Public Museum, Arts Groups, District Attorney, and Sheriff's discretionary funding will generate \$97.5 million in savings
- This would only fix 37% of the projected problem through 2011



# Seek Help from State Government?

- Help with contracts
- End or reduce mandates
- State cannot afford to bail out Milwaukee County
- No interest in new taxes



# Rethink & Redesign County Government

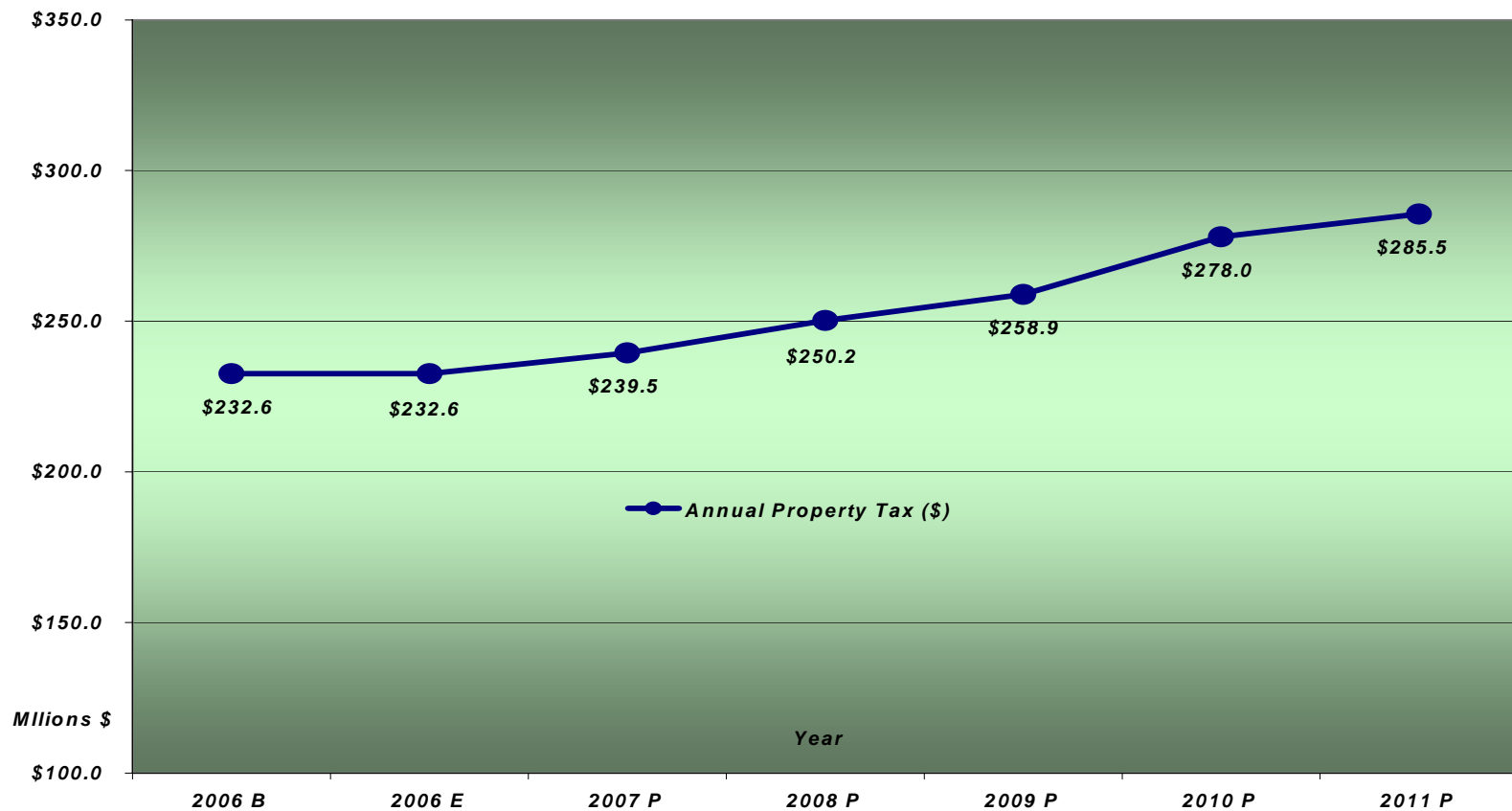
- Outsource Operations

- ☐ Private Sector
- ☐ State Government (human services, courts)

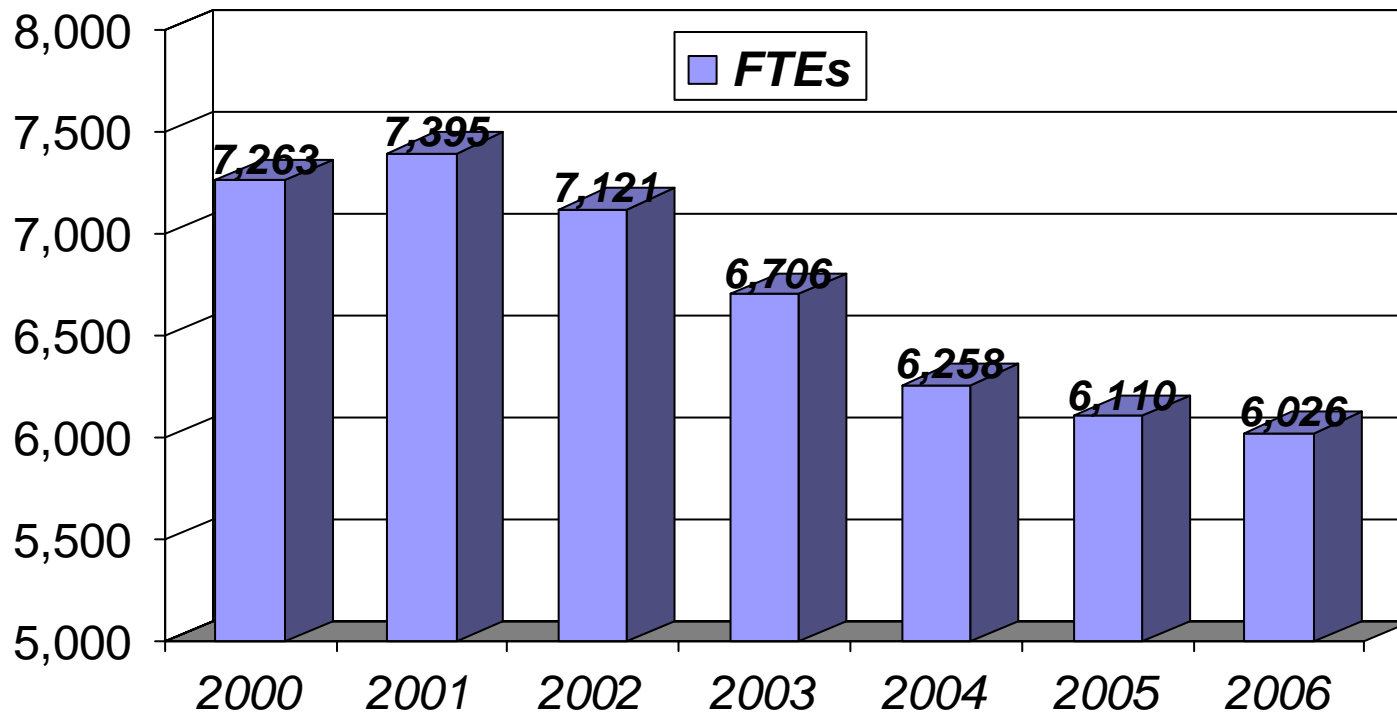
- Governance Changes

- ☐ Special Districts
- ☐ Other?

# Property Tax Growth Will Not Bridge Gap



The number of Milwaukee County funded positions has dropped 18.5% from its peak in 2001





# Positive Work in Milwaukee County

- Fewer juveniles committed to state system
- Lower error rate for Food Stamp program
- Increases in use of airport
- Regional project with Child Support Enforcement
- Private support for zoo





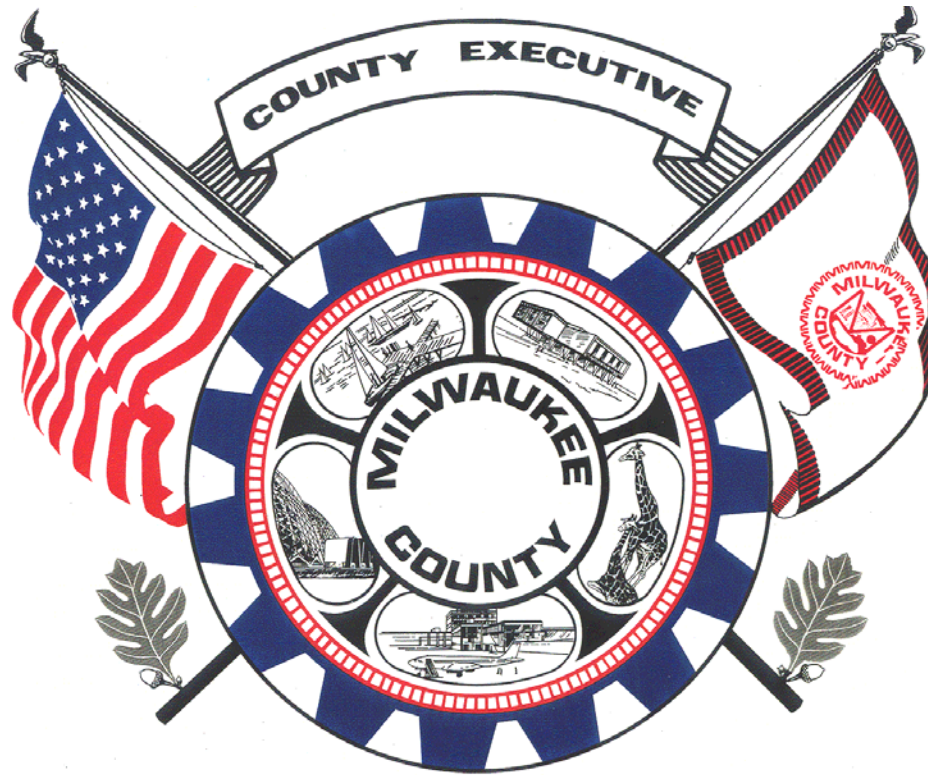
# **Bond Rating Agencies Recognize Value Of Disclosure & Planning**

- All three bond rating agencies reviewed our forecast and elected to maintain county's AA bond rating
- Maintain significant savings in County's cost to borrow

# Business as Usual is Not an Option

- Hard Choices Ahead





**Milwaukee County Website:**  
**[www.county.milwaukee.gov](http://www.county.milwaukee.gov)**